Press Release

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Already third mass balance certification after European sites Antwerp and Uerdingen

Covestro receives ISCC Plus certification for its Shanghai site

- **Covestro's first ISCC Plus certified site in Asia Pacific**
- **Drop-in solution for customers with constant product quality**
- **First order to be delivered to electronics industry**
- **Additional solar power secured for Shanghai site**

Covestro has now received ISCC Plus mass balance certification for its site in Shanghai, known as Covestro Integrated Site of Shanghai (CISS). This means the company can now offer its customers in the Asia Pacific region large volumes of the high-performance plastic polycarbonate as well as the polyurethane raw material methylene diphenyl diisocyanate (MDI), made from alternative raw materials in the same good quality as fossil-based counterparts.

CISS, the company's biggest site worldwide, is the first Covestro site in the Asia Pacific region to have received the ISCC Plus certification, following in the footsteps of the two European sites Antwerp in Belgium and Uerdingen, Germany, at the end of last year. In the meantime, two local trading entities, Covestro (Shanghai) Investment Co., Ltd. and Covestro (Hong Kong) Ltd., have also been ISCC Plus certified.

This means that certified mass-balanced products can now be delivered seamlessly from Covestro's production and trading units to downstream industries. The company will start delivering the first order for certified mass-balanced polycarbonates of the Makrolon® RE range to the electronics industry in September.

"It makes me proud that we've taken a big step forward towards our vision to be fully circular in order to meet the demand for more sustainable products," says Sucheta Govil, Chief Commercial Officer at Covestro. "With the mass balance certification, we are now able to directly support our customers in Asia Pacific to reduce carbon footprint with a drop-in solution that can be implemented in existing production processes without the need for technical modification."

Mass balance approach with alternative raw materials

Dr. Yun Chen, General Manager of Covestro Integrated Site Shanghai, says, "This is a critical step towards achieving climate neutrality and ultimately moving towards full circular economy: We are obtaining an external certification, advocating for the use of more sustainable raw materials, and truly bridging the goal of reducing the total carbon footprint to the production, distribution and sourcing of raw materials for our products."

Mass balance is a chain of custody method that allows fossil and alternative feedstock to be mixed in production but separated in bookkeeping. It is able to track materials through the value chains and allows attribution of alternative feedstock, like bio-based raw materials, to selected end products. Through the mass balance approach, alternative raw materials are introduced into the value chain while taking advantage of the existing chemical infrastructure with its high efficiency and economies of scale, accelerating the transition of the industry to a circular economy of plastics.

Up to 80 percent reduction in CO_2 footprint

Mass balanced products from Covestro with attributed alternative content have significantly lower carbon footprint compared to fossil-based alternatives while enjoying the same good quality and properties. Mass-balanced Makrolon® RE, for example, offers superior climate performance with up to 80 percent reduction in carbon footprint compared to standard virgin material already today. Covestro plans to make selected Makrolon® RE polycarbonates climate neutral by the use of renewable energy at its European sites by the end of this year, to be followed by other regions.

Covestro is gradually converting to alternative raw material sources including renewables as part of a comprehensive program to drive forward the transition to a Circular Economy. The certification of the polycarbonate as well as the intermediate product MDI strengthens the use of alternative raw materials at Covestro. Polycarbonate is used in high-quality applications in the automotive and electronics industries, among others. MDI is used to produce rigid polyurethane foam, which has been providing efficient thermal insulation for refrigeration appliances and buildings for decades.

ISCC ("International Sustainability and Carbon Certification") is an internationally recognized system for the sustainability certification of biomass and bioenergy. The standard applies to all stages of the value chain and is recognized worldwide.

Energy supply partly from renewable sources

Separately, Covestro´s Integrated Site Shanghai has signed a contract to purchase 100 gigawatt-hours per year of solar power from Datang Wuzhong New Energy Co.'s solar farms in northwest China's Ningxia region. This is another step on the road to using renewable energies in its production and thus realizing the company's vision of becoming fully circular. This amount is equivalent to about 10 percent of the site's annual electricity demand. This energy will increase the amount of renewable energy already used by CISS.

About Covestro:

With 2020 sales of EUR 10.7 billion, Covestro is among the world's leading polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative, sustainable solutions for products used in many areas of daily life. In doing so, Covestro is fully committed to the circular economy. The main industries served are the automotive and transportation industries, construction, furniture and wood processing, as well as electrical, electronics, and household appliances industries. Other sectors include sports and leisure, cosmetics, health and the chemical industry itself. At the end of 2020, Covestro has 33 production sites worldwide and employs approximately 16,500 people (calculated as full-time equivalents).